



# **CHALLENGES & CURRENT STATUS OF KNOWLEDGE PROCESS OUTSOURCING INDUSTRY IN SRI LANKA WITH SPECIAL EMPHASIS ON SELECTED COMPANIES**

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The dissertation was submitted to the Department of Management of Technology of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration

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2009

94817



## Abstract

Knowledge Process Outsourcing (KPO) is the outsourcing of high-end complex tasks and processes to specialized service providers. KPO provides value to the customer through domain expertise rather than process expertise.

The study was conducted to determine the challenges faced by the companies in the KPO industry and the opportunities that the industry portrays. Another objective was to identify the current status of the KPO companies. The opportunities in the KPO industry are immense when analyzing India - the leading KPO destination. These opportunities should be catapulted smartly towards the economic growth of Sri Lanka.

Five prominent companies in the KPO field were interviewed & information was gathered to determine the current status and the barriers to growth. Major barriers/challenges identified in the study were: Unavailability of skilled personnel, constraints in FDI towards KPO industry, absence of flexible labor laws, inadequate ICT infrastructure, high infrastructure costs (Electricity, transport), and poor country visibility as a KPO destination & Lack of proper government policies to promote the sector.

In order to address the above issues recommendations were obtained after analyzing the key facts gathered through interviews, comparing current statistics & findings. A brief overview of the recommendations is: *People Skills and Availability* - In-house training programs to improve performance and quality of services, *Business Environment*: Detailed assessments of ICT requirements and potential gaps and formation of a unitary body address/ voice out concerns are two main recommendations identified. A successful approach to promote KPO services would include; deregulating the telecom agenda, Improving ICT infrastructure, improving technical tertiary education, revisiting



certain regulatory aspects CPAYE Tax, Labor regulations) which inhibits the growth of the KPO companies. The government has a pivotal role to play in addressing all the issues identified in the study.